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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92057807
Party	Plaintiff American Pro International Corp.
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Attachments	MEM - Opposition to MTD - AS FILED - AMERICANDJ.pdf(162777 bytes ) EXA.pdf(13749 bytes ) Allan Joseph.pdf(122853 bytes )

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

**American Pro International Corp.,**  
Petitioner,

v.

**American DJ Supply, Inc.,**  
Registrant.

Cancellation No.: 92057807  
Registration No.: 2,652,876  
Mark: **AMERICANDJ**  
Registration Date: November 19, 2002

**PETITIONER’S OPPOSITION TO REGISTRANT’S MOTION TO DISMISS AND,  
ALTERNATIVELY, MOTION TO SUSPEND PROCEEDINGS**

Petitioner, American Pro International Corp. (“American Pro” or “Petitioner”), respectfully submits this memorandum in Opposition to Respondent’s Motion to Dismiss and, Alternatively, Motion to Suspend Proceedings (“Motion to Dismiss”), filed by Registrant, American DJ Supply, Inc. (“ADJ” or “Registrant”).

**I. INTRODUCTION**

In its Motion to Dismiss, ADJ contends that American Pro failed to appropriately plead the counts alleged in American Pro’s Petition to Cancel (the “Petition”). ADJ takes the position that American Pro’s Petition fails to meet the plausibility requirement under Rule 8(a), Fed.R.Civ.P., and the heightened pleading requirements under Rule 9(b), Fed.R.Civ.P. ADJ’s Motion to Dismiss should be denied because American Pro has sufficiently met the threshold required to survive a motion to dismiss for failure to state a claim. For the reasons discussed below, American Pro respectfully requests that the Board deny ADJ’s Motion to Dismiss and allow the cancellation proceeding to resume.

## II. ARGUMENT

### A. Legal Standard for a Motion to Dismiss

ADJ's Motion to Dismiss fails because it cannot meet the extremely difficult threshold to succeed under TBMP § 503 and Rule 12(b)(6), Fed.R.Civ.P. A motion to dismiss for failure to state a claim upon which relief can be granted is a test solely of the legal sufficiency of a complaint. To survive such a motion, a pleading need only allege such facts as would, if proved, establish that (1) the plaintiff has standing to maintain the proceeding;<sup>1</sup> and (2) a valid ground exists for cancelling the registration. *See* TBMP § 503.02; *see also Fair Indigo LLC v. Style Conscience*, 85 U.S.P.Q.2d 1536, 1537 (TTAB 2007)(denying motion to dismiss).

The pleading must be examined in its entirety, construing the allegations therein liberally, as required by Fed. R. Civ. P. 8(f), to determine whether it contains any allegations which, if proved, would entitle plaintiff to the relief, sought. *See Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982); *Otto Int'l Inc. v. Otto Kern GmbH*, 83 U.S.P.Q.2d 1861, 1862 (TTAB 2007); *Kelly Services Inc. v. Greene's Temporaries Inc.*, 25 USPQ2d 1460 (TTAB 1992); and TBMP § 503.02. For purposes of determining the Motion to Dismiss, "all of the plaintiff's well-pleaded allegations must be accepted as true, and the complaint must be construed in the light most favorable to the plaintiff." *See Advanced Cardiovascular Systems Inc. v. SciMed*

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<sup>1</sup> A party has standing to cancel a registration if it can demonstrate a "real interest" in the proceeding and a "reasonable basis" for its belief that it would suffer some kind of damage if the mark remains registered. *Ritchie v. Simpson*, 170 F.3d 1092, 50 U.S.P.Q.2d 1023, 1025 (Fed. Cir. 1999). In the Motion to Dismiss, ADJ does not challenge American Pro's standing.

*Life Systems Inc.*, 988 F.2d 1157, 26 USPQ2d 1038 (Fed. Cir. 1993); 5A Wright & Miller, Federal Practice And Procedure: Civil 2d § 1357 (1990). Indeed, “[d]ismissal for insufficiency is appropriate *only if it appears certain* that opposer is entitled to no relief under *any set of facts* that could be proved in support of its claim.” TBMP § 503.02 (citing cases)(emphasis added).

### **B. American Pro’s Petition**

American Pro seeks cancellation of the ‘876 Registration for **AMERICANDJ** based on (i) abandonment through nonuse and (ii) ADJ’s fraudulent maintenance and renewal of the ‘876 Registration when ADJ falsely alleged use of the mark. 15 U.S.C. § 1127 defines "abandonment" of a mark, in pertinent part, as follows:

When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. "Use" of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

With respect to American Pro’s fraud allegations, the Federal Circuit has observed:

[A] trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the U.S. Patent and Trademark Office.

*In Re Bose Corp.*, 580 F.3d 1240, 1245 (Fed. Cir. 2009).

The Petition alleges, based on American Pro’s information and belief as a result of its requisite pre-filing investigation, that “Registrant has not used the **AMERICANDJ** mark in commerce in connection with a ‘series of musical sound recordings’ since Registrant acquired the ‘876 Registration in February 2004.” Petition, ¶ 7. ADJ’s nonuse

for nearly a decade is *prima facie* evidence of abandonment. *See Deniro Mktg. LLC v. Pescatore*, 2011 TTAB LEXIS 331, \*5 (TTAB Oct. 13, 2011).

The Petition further alleges “because [ADJ] knowingly and falsely represented that it was using the **AMERICANDJ** mark, with the intent to deceive the PTO when it maintained and renewed the registration, the ‘876 Registration is invalid and unenforceable.” Petition, ¶ 4. ADJ “committed fraud in maintaining and renewing the ‘876 Registration for the mark **AMERICANDJ** based on nonuse in commerce, thus making Registrant’s registration for **AMERICANDJ** *void ab initio*.” Petition, ¶ 13. In addition, the Petition alleges that ADJ’s “Renewal Application alleged that Registrant was using the **AMERICANDJ** mark “in commerce on or in connection with **all** goods or services listed in the existing registration” and “Registrant’s statement was fraudulent and intentionally misrepresented use to the PTO.” Petition, ¶ 14. American Pro asserts that ADJ “falsely alleged trademark use of the mark **AMERICANDJ** in connection with a ‘series of musical sound recordings,’ notwithstanding that [ADJ] had never used the mark in the drawing in connection with such goods.” Petition, ¶ 15. Based on ADJ’s “fraudulent conduct, Registrant’s ‘876 Registration is invalid and unenforceable.” Petition, ¶ 19. Contrary to ADJ’s assertions in the Motion to Dismiss, none of these allegations are based (even solely) on American Pro’s “information and belief.”

### **C. The Petition to Cancel States a Claim Upon Which Relief can be Granted**

There can be no doubt that American Pro sufficiently alleged the essential elements – with particularity – and thus the claims are legally valid and must withstand the Motion to Dismiss. Under the Federal Circuit’s heightened standard, the petitioner

cannot make allegations of fraud on “information and belief” *alone* without also making specific factual allegations showing the basis of its belief that registrant committed fraud on the PTO. *Asian and Western Classics B.V. v. Selkow*, 92 U.S.P.Q.2d 1478, 1479 (TTAB 2009)(interpreting *Bose*). Nonetheless, even under the stricter standard of *Bose*, a fraud claim is allowed to proceed so long as the petitioner makes specific factual allegations that either “support the pleadings or allege that evidence showing the factual basis is likely to be obtained after discovery or investigation.” *Id.*

Under this standard, we find that petitioner has sufficiently alleged fraud. Its allegations are **not based solely on "information and belief," but are also based on the results of an investigation** which, petitioner alleges, revealed that respondent was not using its mark on all of the goods listed in its Statements of Use at the time the Statements of Use were filed. More specifically, petitioner alleges that its investigation revealed that respondent's mark was not used on any of the goods listed in its Statements of Use, other than vodka. FAPC P 6. Moreover, the FAPC, in contrast to the original petition for cancellation, specifically alleges that "Respondent knowingly made false, material misrepresentations of fact in procuring the Registrations with the intent to defraud the U.S.P.T.O." *Id.* P 8. These allegations are sufficiently specific and particular under Fed. R. Civ. P. 9(b).

*Meckatzer Lowenbrau Benedikt Weib KG v. White Gold, LLC*, 2010 WL 1946273, \*6-7 (TTAB 2010)(denying motion to dismiss).

American Pro’s allegations in its Petition meet the fraud pleading requirements because they are also supported by statements of fact providing information upon which American Pro relies. Specifically, American Pro conducted its pre-filing investigation prior to filing the Petition and concluded that ADJ’s “Renewal Application alleged that Registrant was using the **AMERICANDJ** mark ‘in commerce on or in connection with **all** goods or services listed in the existing registration’ [and that] Registrant’s statement

was fraudulent and intentionally misrepresented use to the PTO.” Petition, ¶ 14 (emphasis in original). ADJ “falsely alleged trademark use of the mark **AMERICANDJ** in connection with a ‘series of musical sound recordings,’ notwithstanding that [ADJ] had never used the mark in the drawing in connection with such goods.” Petition, ¶ 15. American Pro thus pled with particularity, based on the results of its investigation, that ADJ abandoned the **AMERICANDJ** mark as a result of its nonuse and subsequently committed fraud with the intent to deceive the PTO by misrepresenting otherwise to the PTO. *Asian and Western Classics*, 92 U.S.P.Q.2d at 1479 (allowing fraud claims under similar circumstances). In view of the foregoing, American Pro has sufficiently alleged the information known to American Pro that gives rise to its belief that the ‘876 Registration is subject to cancellation.

The case of *Petroleos Mexicanos v. Intermix S.A.*, 2010 TTAB LEXIS 442, \*10-12 (TTAB Dec. 28, 2010) is instructive. In *Intermix*, the respondent argued that each allegation of the petitioner’s fraud claim was made “upon information and belief” and thus fell “far short of the Board’s strict requirements for pleading fraud.” *Id.* at \*10. The Board reviewed the following allegations in the petition to cancel:

34. On information and belief, Respondent has never used the PEMEX mark in interstate commerce in connection with any of the goods or services identified in Reg. No. 3,683,663. Indeed, based on the results of an investigation it conducted, Petitioner asserts that Respondent is not currently selling, and has not previously sold, any goods or services in the United States under the PEMEX mark, including the goods and services identified in U.S. Reg. No. 3,683,663.

35. On February 11, 2009, Respondent made a sworn declaration that it was using the PEMEX mark in interstate commerce at least as early as January 1, 2009 in connection with all of the goods and services recited in Reg. No. 3,683,663. On May 20, June 9, and July 22, 2009, in response to

follow-up inquiries from the USPTO, Respondent filed substitute specimens with the USPTO and reiterated that it had commenced use of the mark in U.S. commerce at least as early as January 1, 2009 in connection with all of the goods and services in Reg. No. 3,683,663.

36. On information and belief, Respondent's statements of February 11, May 20, June 9, and July 22, 2009 to the USPTO, that it was using the PEMEX mark in interstate commerce in connection with all of the goods and services recited in Reg. No. 3,683,663 at least as early as January 1, 2009, were false.

37. On information and belief, Respondent knew at the time it made the filings on February 11, May 20, June 9, and July 22, 2009 that it had not used the PEMEX mark in interstate commerce in connection with the goods or services identified in Reg. No. 3,683,663.

38. On information and belief, Respondent's statements to the USPTO attesting it was using the PEMEX mark in interstate commerce in connection with all of the goods and services recited in Reg. No. 3,683,663 were material misrepresentations that were intended to deceive the USPTO into believing that Respondent's Alleged Mark had met the statutory conditions for filing a Statement of Use required to grant a registration for the mark. Such statements were material because the USPTO would not have granted Reg. No. 3,683,663 in the absence of Respondent attesting that it had met these requirements.

39. The USPTO reasonably relied on the truth of such false statements and did in fact grant Reg. No. 3,683,663.

*Id.* at \*10-12. Based on this pleading, the Board determined that the petitioner had sufficiently set forth a claim of fraud. *Id.*

[The] petitioner alleges with particularity that respondent knowingly, with the intent to deceive the USPTO, made a material misrepresentation that it was using its mark in commerce in the United States on the identified goods and services as of the time it filed its statement of use, when no such use had been made.

Given the similarities between the *Intermix* pleading and American Pro's Petition, the result should be no different here.



While American Pro has not yet had the benefit to take discovery of ADJ, American Pro's pleading of fraud of nevertheless includes an appropriate allegation of intent and is not based solely on the "mere possibility" that it will be able to uncover evidence to support its claim. *In re Bose*, 91 U.S.P.Q.2d at 1939-40. Construing American Pro's allegations so as to do justice and in the light most favorable to American Pro, as the non-movant on the Motion to Dismiss, American Pro's pleading of fraud rests on sufficient, specific underlying facts from which the Board may reasonably infer that ADJ acted with the requisite state of mind. *See Exergen Corp. v. Wal-Mart Stores Inc.*, 91 U.S.P.Q.2d 1656, 1667, n.4 (Fed. Cir. 2009). By way of the allegations in the Petition to Cancel, American Pro has sufficiently set forth valid grounds for cancellation.

In view of American Pro's allegations, American Pro's fraud and abandonment claims are legally valid and ADJ's Motion to Dismiss must fail.

#### **D. This Cancellation Proceeding Should NOT be Suspended**

Finally, ADJ's alternative request for suspension is improper, given that ADJ, through its counsel, already admitted that ADJ's **AMERICANDJ** mark is not at issue in the pending litigation. A copy of ADJ's counsel's email to undersigned counsel, which plainly states "[t]he trademark AMERICANDJ...**is not even at issue in this case...**" is attached as Exhibit A. As a result thereof, ADJ's suspension request should be denied.

While the Board is empowered with the discretion to suspend proceedings where a civil action seeks relief *identical* to the relief requested in the TTAB, the Board is not required to automatically suspend proceedings in the face of concurrent civil litigation. *See* 37 C.F.R. § 2.117 ("Whenever it shall come to the attention of the [Board] that a

party or parties to a pending case are engaged in a civil action...which may have a bearing on the case, proceedings before the Board may be suspended until termination of the civil action...” (emphasis added); *see also Boyds Collection Ltd. v. Herrington & Co.*, 65 U.S.P.Q. 2d 2017, 2018 (TTAB 2003)(“both the permission language of Trademark Rule 2.117(a)...and the explicit provisions of Trademark Rule 2.117(b) make clear that suspension is not the necessary result in all cases”); *Martin Beverage Co., Inc. v. Colita Beverage Corp.*, 169 U.S.P.Q. 568, 570 (TTAB 1971)(rejecting notion that the Board “automatically suspends proceedings” when civil litigation is concurrently pending and observing that “[s]uspension under such circumstances is granted only after both parties have been heard on the question and the Board has carefully reviewed the pleadings in the civil suit to determine if the outcome thereof will have a bearing on the question of the rights of the parties in the Patent Office proceeding”).

Given that ADJ has already acknowledged that “[t]he trademark AMERICANDJ...**is not even at issue in this case...**,” the Board should exercise its discretion and **NOT** suspend this Cancellation proceeding.

### **III. CONCLUSION**

For the reasons specified above, American Pro has pled legally sufficient claims for the allegations raised in its Petition. Accordingly, American Pro respectfully requests that the Board deny ADJ’s Motion to Dismiss and promptly resume the Cancellation proceeding.

Date: November 4, 2013

Respectfully submitted,

**FRIEDLAND VINING**

/s/ David K. Friedland

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*Counsel for Petitioner*

**CERTIFICATE OF SERVICE**

**WE HEREBY CERTIFY** that the foregoing **PETITIONER'S OPPOSITION TO REGISTRANT'S MOTION TO DISMISS AND, ALTERNATIVELY, MOTION TO SUSPEND PROCEEDINGS** was served upon the Registrant by delivering true and correct copies of same to Registrant's counsel via U.S. mail on November 4, 2013 as follows:

Kenneth L. Sherman  
Sherman & Zarrabian LLP  
1411 5th Street, Suite 306  
Santa Monica, California 90401

/s/ David K. Friedland  
David K. Friedland

# **EXHIBIT A**

Allan Joseph <ajoseph@fuerstlaw.com>

September 12, 2013 2:38 PM

To: Jaime Vining <jrv@friedlandvining.com>

Cc: David Friedland <dkf@friedlandvining.com>, Joshua Schaul <schaul@sziplaw.com>, Michael Kornhauser <mkornhauser@fuerstlaw.com>,  
Jessica Concepcion <JConcepcion@fuerstlaw.com>

RE: American Pro

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Actually, there is an issue. The trademark of AMERICANDJ (as opposed to AMERICAN DJ), which is referenced in your Third Affirmative Defense, is not even at issue in this case, and is not thus even an avoidance of any of the issues therein. We ask that you remove the reference therein.

Let me know,

AJ

**Allan A. Joseph**  
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**From:** Allan Joseph  
**Sent:** Thursday, September 12, 2013 2:24 PM  
**To:** 'Jaime Vining'  
**Cc:** David Friedland; Joshua Schaul; Michael Kornhauser; Jessica Concepcion  
**Subject:** RE: American Pro

We do not oppose the Motion, provided the relief entered is without prejudice for us to attack the amended defenses. Likewise, it appears to me that your motion renders the hearing set for next week moot. We should so advise the court, don't you think?

AJ

**Allan A. Joseph**  
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